

DEPARTMENT OF INDUSTRY AND TRADE

**DECREE OF THE MINISTER OF INDUSTRY AND TRADE
NO. 38/MPP/KEP/3/1996 ; DATED MARCH 6, 1996**

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**THE PROCUREMENT AND DISTRIBUTION OF FERTILIZER FOR
THE SECTOR OF AGRICULTURE**

THE MINISTER OF INDUSTRY AND TRADE,

- Considering :**
- a. that within the framework of safeguarding the implementation of the government program for the promotion of agricultural production and enhancing the efficiency and effectiveness of fertilizer subsidies, it is necessary to ensure efficiency in the procurement and distribution of fertilizer according to the demand of farmers;
 - b. that in this connection, it is necessary to restipulate provisions concerning the procurement and distribution of fertilizer;
 - c. that for this purpose, it is necessary to issue a decree of the Minister of Industry and Trade to this effect.
- Bearing in mind :**
- 1. Presidential Decree No. 3 of 1969 on the Procurement and Distribution of man-made fertilizer and plant pesticide;
 - 2. Presidential Decree No.44 of 1974 on the Organisational Principles of Ministries;
 - 3. Presidential Decree No. 5 of 1990 jo. Presidential Decree No. 84 of 1993 on the Mass Guidance Control Board;
 - 4. Presidential Decree No. 96/M/1993 on the establishment of the Sixth Development Cabinet as already amended by Presidential Decree No. 388/M/1995;
 - 5. Presidential Decree No. 2 of 1996 on the amendment of Presidential Decree No. 15 of 1984 on the organisational structures of ministries as already twenty-five times amended, the latest by Presidential Decree No. 61 of 1995;
 - 6. Presidential Instruction No. 4 of 1984 on the fostering and development of village unit cooperatives (KUD);
 - 7. The Decree of the Coordinator Minister for Economy, Finance and

Development Supervision No. KEP-06/M-EKKU/1995 on the establishment of the Team for the fertilizer policy;

8. The Decree of the Minister of Finance No. 101/KMK.016 on the ceiling retail prices of domestically produced urea fertilizer at the farmer level for the sector of agriculture;
9. The Decree of the Minister of Trade No. 110/KP/II/1988 jo. the Decree of the Minister of Industry No. 86/M/SK/5/1994 jo. the Decree of the Minister of Industry and Trade No. 29/MPP/SK/2/1996 on the organisation and operational procedure of the Ministry of Industry and Trade.

H A S D E C I D E D :

To revoke : The Decree of the Minister of Trade No. 182/KP/VII/1995 on the Procurement and Distribution of Fertilizer For Food Crops.

To stipulate : **THE DECREE OF THE MINISTER OF INDUSTRY AND TRADE CONCERNING THE PROCUREMENT AND DISTRIBUTION OF FERTILIZER FOR THE SECTOR OF AGRICULTURE.**

Article 1

Hereinafter referred to as :

1. The subsector of food crops shall be made up of food crops (paddy, secondary crops, horticultural crops), smallholder sugarcane under intensification scheme and food catch-crops in timber estates.
2. The subsector of non food crops shall be made up of plantations, fishery, animal husbandry and forestry.
3. PT. PUSRI shall be PT. (Persero) Pupuk Sriwidjaja (state fertilizer limited liability corporation).
4. Warehouse I shall comprise warehouses in the territory of domestic fertilizer factories or warehouses in the territory of ports for fertilizer imports.
5. Warehouse II shall comprise warehouses outside the territory of ports or warehouses in the territory of provincial capitals and fertilizer packing units (UPP).
6. Warehouses IV shall comprise warehouses of distributors and warehouses/kiosks of retailer KUD (village unit cooperatives) and retailers in the working territory of distributors KUD or warehouses located in divisions of estates.
7. Distributors shall be distributor KUD, cooperatives, BUMN (state owned corporations) and private companies appointed by PT PUSRI.
8. Distributors shall be distributor KUD, cooperatives, BUMN (state owned corporations) and private companies appointed by PT. PUSRI.
9. Retailer KUD and retailers shall be the parties receiving fertilizer from distributor KUD and selling it to farmers at ceiling retail prices (HET).

Article 2

- (1) The types of fertilizer as meant in this decree shall be urea, SP-36/TSP and ZA.
- (2) The types of fertilizer excluded from paragraph (1) shall not be subject to the trade system.

Article 3

- (1) PT. PUSRI shall be responsible for the procurement and distribution of urea, SP-36/TSP and ZA fertilizer from Warehouse I as far as Warehouse IV.
- (2) PT. PUSRI shall conduct control and make evaluation of the distribution and sale of fertilizer by distributors, retailer KUD and retailers.

Article 4

- (1) PT. PUSRI shall cooperative with fertilizer producers in the procurement of fertilizer as meant in Article 3 paragraph (1) of this decree.
- (2) In the procurement of fertilizer as meant in paragraph (1), producers shall be obligated to give priority to the fulfilment of domestic demand.

Article 5

- (1) The distribution of fertilizer to the subsector of food crops shall be carried out by PT. PUSRI, distributors KUD appointed by PT. PUSRI, retailer KUD and retailers appointed by distributor KUD with the approval of PT. PUSRI.
- (2) The implementation of paragraph (1) shall be as stipulated below :
 - a) PT. PUSRI shall make available fertilizer as far as Warehouse III.
 - b) Distributor KUD appointed by PT. PUSRI shall distribute fertilizer from Warehouse III to Warehouse IV.
 - c) Retailer KUD or retailers shall carry retail sale of fertilizer from at Warehouse IV to farmers.
- (3) The distribution of fertilizer to the subsector of non food crops from Warehouse I as far as Warehouse III shall be carried out by PT. PUSRI and from Warehouse III to Warehouse IV by cooperatives, BUMN and private companies appointed by PT. PUSRI.
- (4) The provision in paragraph (3) shall be effective until further stipulation.

Article 6

- (1) offices of the Ministry of Cooperatives and Small-Scale Business Development in regencies/municipalities through heads of regional offices of the Ministry of Cooperatives and Small-Scale Business Development shall submit lists of distributor KUD candidates to PT. PUSRI.
- (2) PT. PUSRI shall determine fertilizer distributor KUD according to its requirements.

- (3) The working relations between distributor KUD on one side and retailer KUD and retailers on the other shall be based on contracts and distributors KUD shall guarantee the availability of stocks at Warehouse IV.
- (4) Distributor KUD shall be obligated to control and evaluate retailer KUD and retailers in carrying out the sale of fertilizer to farmers.

Article 7

- (1) Distributor KUD in redeeming fertilizer from PT. PUSRI shall mention the working territory of retailer KUD and retailers to be served.
- (2) The redemption transaction of fertilizer by distributor KUD the sale of fertiliser to retailer KUD and retailers shall be realised through the banking mechanism.

Article 8

- (1) Ceiling retail prices (HET) of subsidised fertilizer for farmers shall be determined by the Minister of Finance.
- (2) The prices of SP-36/TSP and ZA fertilizer shall be fixed by producers after consultation with the Team for the fertilizer policy, which is coordinated by the Office of the Coordinator Minister Minister for Economy, Finance and Development Supervision.
- (3) Distributors, retailer KUD and retailers shall be obligated to abide by the provisions on selling prices at Warehouse IV and HET.

Article 9

Minimum fertilizer stocks which shall be available at Warehouse III according to groups of territories/provinces are as contained in the attachment to this decree.

Article 10

Distributors shall submit reports on fertilizer distribution and stocks at Warehouse IV every two weeks to PT. PUSRI.

Article 11

PT. PUSRI shall submit monthly reports on the 20th concerning the procurement, distribution and stocks of fertilizer or incidental reports on problems arising and their solution attempts to the Directorate General of Domestic Trade, the Directorate of Metal, Machine and Chemical Industries and relevant agencies.

Article 12

Distributors, retailer KUD and retailers deviating from the provisions in this decree shall be liable to sanctions pursuant to the laws in force and be relieved of their positions as distributor and or retailers of fertilizer by PT. PUSRI.

Article 13

This decree shall come into force as from the date of stipulation.

For public cognizance, this decree shall be announced by publishing it in the State Gazette of the Republic of Indonesia.

Stipulated at : JAKARTA
On : March 6, 1996
THE MINISTER OF INDUSTRY AND TRADE,

signed

T. ARIWIBOWO

ATTACHMENT I TO :

**MINIMUM FERTILIZER STOCKS TO BE MADE AVAILABLE AT WAREHOUSE
III BY TERRITORIES**

No.	Groups	Territories/Provinces	Stocks at Warehouse III
1.	A	Jakarta, West Java, Central Java, Yogyakarta, East Java and Bali	1 month of next demand
2.	B	Aceh, North Sumatra, West Sumatra, Riau, Jambi, South Sumatra, Bengkulu, Lampung and South Sulawesi.	1.5 months of next demand
3.	C	West Kalimantan, Central Kalimantan, South Kalimantan, East Kalimantan, North Sulawesi, Central Sulawesi, Southeast Sulawesi, Maluku, Irian Jaya, West Nusatenggara, East Nusatenggara and East Timor.	2 months of next demand

THE MINISTER OF INDUSTRY AND TRADE,

signed

T. ARIWIBOWO
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